

LETTER OF UNDERSTANDING BANKED LEAVE TIME PROGRAM

1. Eligibility.

All probationary and non-probationary employees shall be required to participate in the Banked Leave Time Program (Program) known as Part B hours under the State's Annual and Sick Leave Program.

2. Definitions and Description of Program.

An employee shall work a regular work schedule, but receive pay for a reduced number of hours. The employee's pay shall be reduced by four (4) hours per pay period. The employee will be credited with a like number of Banked Leave Time (BLT) hours for each biweekly pay period.

3. Hours Eligible for Conversion to Program.

The number of BLT hours for which the employee receives credit shall be accumulated and reported periodically to participating employees. During the term of this Letter of Understanding, an employee shall not be able to accumulate in excess of 104 BLT hours. Accumulated BLT hours shall not be counted against the employee's regular annual leave cap, known as Part A hours under the Annual and Sick Leave Program.

The employee shall be eligible to use the accumulated BLT hours in a subsequent pay period in the same manner as regular annual leave, pursuant to Article 28.

4. Timing of Conversion of Unused Program Hours.

Upon an employee's separation, death or retirement from state service, unused BLT hours shall be contributed by the State to the employee's account within the State of Michigan 401(k) plan, and if applicable to the State of Michigan 457 plan. Such contributions shall be treated as non-elective employer contributions, and shall be calculated using the product of the following: (i) the number of BLT hours and, (ii) the employee's base hourly rate in effect at the time of the employee's separation, death, or retirement from state service.

If the amount of a projected contribution would exceed the maximum amount allowable under Section 415 of the Internal Revenue Code (when combined with other projected contributions that count against such limit), the State shall first make a contribution to the employee's account within the State of Michigan 401(k) plan up to the maximum allowed, and then make the additional contribution to the employee's account within the State of Michigan 457 plan.

5. Insurances, Leave Accruals and Service Credits.

Retirement service credits, overtime compensation, longevity compensation, step increases, continuous service hours, holiday pay, annual and sick leave accruals, cleaning allowance, physical standards and fitness incentive, and other

pro-rations that would disadvantage any employee will continue as if the employee had received pay for the BLT hours. Premiums, coverage and benefit levels for insurance programs (including LTD) in which the employee is enrolled will not be changed as a result of participation in the Program. Employees shall incur no break in service due to participation in the Program. Subject to legislative approval, the Program is not intended to have a negative effect on the Final Average Compensation calculations under the State's Defined Benefit Plan nor the salary used for employer contribution calculations under the State's Defined Contribution Plan. The Administration will seek amendments to the State Employees Retirement Act to provide for Banked Leave Time hours to be treated as time worked and time paid for purposes of retirement. If the Legislature does not pass amendments to the Act, the parties will meet to establish an appropriate process for addressing the resultant impact on retiring employees.

6. Relationship to Plan A and Plan C.

Before incurring unpaid Plan A or Plan C hours all BLT hours must be exhausted.

7. Hours Added to the Annual Leave Formula.

Sixteen (16) BLT hours for each employee shall be added to the annual leave formula provided for in Letter of Understanding #1 and as provided in the DCH secondary agreement for calendar year 2005.

8. Term.

The Program shall be effective beginning November 9, 2003. The pay reduction and accrual provisions of this Letter of Understanding shall be in effect through the pay period ending November 6, 2004 unless extended by mutual agreement of the Parties.

EMPLOYMENT AND CONTINUING CONDITION GUARANTEE

The Employer agrees that no employee in the Security Bargaining Unit will be temporarily laid off, nor have their hours of employment unilaterally reduced under the provisions of Article 14 Layoff and Recall Procedure during the term of this agreement. Anytime the Employer abolishes an occupied position necessitating layoff(s), affected employees will be offered employment within the bargaining unit. Employee bumping rights under Article 14 shall not be diminished. Employees who do not accept such employment shall be laid off, and such layoff shall not be deemed to violate this guarantee.

The Employer agrees that there shall be no change in custody responsibilities during the lunch period resulting in a shortened work day. Pre-shift meetings shall be continued, except as modified in this Agreement. In the unanticipated event that it becomes necessary to conduct temporary layoffs, reduce the hours

of bargaining unit employees, change bargaining unit employee's schedule regarding paid lunch periods or issue an executive order eliminating pre-shift during the term of this agreement, the Director of the Office of the State Employer shall inform the Union as early as possible, but consistent with the requirements of the collective bargaining agreement. Upon Union request, the Employer shall discuss the potential impact upon unit employees caused by such actions. Following Employer notice of any of the actions set forth above, upon Union request employee participation in the Banked Leave Time Program will be suspended for all employees in the bargaining unit for the remainder of this agreement beginning with the next pay period. All accrued Banked Leave Time hours shall remain subject to the provisions of the Letter of Understanding.

TERM OF AGREEMENT

The Letters of Understanding contained in this Supplemental Agreement will be in effect through November 6, 2004, unless otherwise provided.

LETTER OF UNDERSTANDING ARTICLE 17 AND ARTICLE 34

The parties agree to increase the one hundred fifty (150) hours of compensatory time accrual limit to two hundred (200) hours. However, compensatory time hours over one hundred fifty (150) shall not be included in the annual leave formula.

Compensation for attendance at pre-shift meetings shall be payable only in compensatory time. Such time shall not be included in the annual leave formula.

SECURITY UNIT LETTER OF UNDERSTANDING ARTICLE 11

The Departmental Efficiency Advisory Committee set forth in Article 11, Section G, will be reconstituted and convened within 30 calendar days of Civil Service Commission approval of this Letter of Understanding. The scope of review of the Committee will be expanded to include all types of potential Departmental cost savings. Committee recommendations shall be reported to the director of the involved department(s) and the Office of the State Employer.

**SECURITY UNIT
LETTER OF UNDERSTANDING
ARTICLE 29, SECTION B**

An employee's request for up to one week of sick leave upon the birth of their child shall be approved.

Article 29, Section C shall be changed to read.

An employee disabled for fifty weeks or less or an employee disabled for 100 weeks as the result of an assault may be entitled to a medical leave of absence in accordance with Article 19.